

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6637**

**BILL NUMBER:** SB 175

**NOTE PREPARED:** Mar 12, 2008

**BILL AMENDED:** Feb 21, 2008

**SUBJECT:** INDOT Bidding Procedures.

**FIRST AUTHOR:** Sen. Merritt

**FIRST SPONSOR:** Rep. Austin

**BILL STATUS:** Enrolled

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill: (1) changes the requirements for certain bids that the Department of Transportation (INDOT) may accept for state highway projects; and (2) provides that INDOT may not require certain contractors to assume any liability or indemnify the state for any amount greater than the degree of fault of the contractor.

**Effective Date:** (Amended) Upon passage; July 1, 2008.

**Explanation of State Expenditures:** (1) Raising the threshold for awarding contracts would save time and the associated contract costs for both INDOT and the contractors because new contracts would not need to be prepared. The specific amounts are indeterminable. The fund affected is the State Highway Fund.

Re-let contracts are not the same as the original contract after it exceeds the engineers estimate. INDOT says that they will materially change the time frames in the contract or some other factor that would change the bids. As a result, a strict comparison between the first contract and the re-let contract is not possible. Some re-let contracts are more than the original; some are less. Re-let contracts as a general rule cost more than the original, according to the INDOT. [From January 2005 to November 2007, INDOT let 1,549 contracts, with 316 of those contracts exceeding the engineering estimate and needing to be re-let.]

(Revised) (2) Providing that INDOT may not require certain contractors to assume any liability or indemnify the state for any amount greater than the degree of fault of the contractor expands potential exposure of the state, but the fiscal impact is indeterminable. The fund affected is the State Highway Fund.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Transportation.

**Local Agencies Affected:**

**Information Sources:** Chris Kiefer, Director of Legislative Affairs, INDOT, 317-233-3601.

**Fiscal Analyst:** James Sperlik, 317-232-9866.